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ABSTRACT

The constituency research process outlined gives guidelines for establishing committees on resources to screen potential contributors to an institution. The concept, practice, and results of finding, reaching, and "selling" the ten percent of an institution's constituency which can make the difference in dollar support is an "a priori" management policy and administrative practice. (JMF)

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CONSTITUENCY RATING - COMMITTEES ON RESOURCES

PHILOSOPHY AND PROCESS

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One of the first tasks of an institutional marketing process is that of finding where or who the market is for the product or service to be presented. The institutional advancement program success is no different whether for public relations or philanthropic support.

Experience has shown irrefutably that about 10 percent of a given constituency will respond favorably or has the capacity to respond for special gift level institutional programs. This is specifically true for large gift expectancy for either annual or capital (asset) gift programs.

Today economic factors have forced constituency analysis and probable result analyses to assure maximum productivity for human and fiscal resources available. No longer can institutions be satisfied with the numbers game in fund raising - donors over dollars. Cost accounting studies can show quickly that the costs of promotion, solicitation, and administration exceed the costs of begging for a dollar gift from everyone (or even $5) to impress other constituents with numbers of donors.

General information and support programs are necessary but can no longer require the time or dollar expenditure 'for the record.' Their prime benefit is to uncover new leadership, new response, and new sources of substantial and continuing support.

Therefore the concept, practice, and results of finding, reaching, and 'selling' the 10 percent of an institution's constituency which can make the difference in dollar support becomes an *a priori* management policy and administrative practice.

A Beginning Without End. Once initiated the constituency research process must never end. Each staff member and each volunteer must develop a continuous consciousness for special prospects with above-average leadership and/or gift potential. In short, once the 10 percent are identified not only must they be further analyzed and broken down into other or higher potential levels but also their basic ranks must be expanded and replenished constantly.

The Process. The rating or screening process is a difficult management task in that many people just do not like to guess other people's resource capacity. Some delight in it. These must be watched for over-optimism.

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The evaluation of an individual's capacity to make either regualr or capital gifts is neither an art nor a science. Estimates can be made only on the basis of appearances of capacity plus any public records which might be available. Even slight information is helpful to assure that the prospect is complimented by being included in leadership or major gift categories. In the first and last analysis only the prospect will determine his level of support depending upon many factors including personal, strategic, and technical reasons.

Above all, persons rating constituents must not prejudge willingness to serve or to give. Past performance, other known involvements, etc. are not stable prior criteria of current interests, willingness to give substantially when asked properly, or of capacity to give.

The rating process is at least two-level. First is the necessity for a general list screening. As a beginning criterion, we suggest this question be asked about each prospect:

> Could he/she provide a $500 per year capital gift each of 3 years in addition to annual giving when approached by the right person, at the right time, for the right objective.

This question, when answered for each prospect, should be followed by asking about a $1000 annual gift, $1500, $2500, $5000, $7500, $10,000 etc. to find his level. Also, the question must be raised as to maximum possible asset gifts barring any consideration of personal or family obligations. Then 'who is the best person to see him' must be asked. Of simultaneous importance are questions about both family wealth - wife, parents, in-laws, etc. - and business relationships. Then personal, family, or business interests; spiritual, cultural, or civic interests; hangups, etc. are important research nuances. This completes the first screening. This depth will not be required for each prospect, of course. But when a 'hot one' turns up, it is worthwhile to pursue all angles.

The second level screening must be with a new group of people all chosen from the 'rated' list on the peerage-level philosophy: - like - rating - like. This becomes most interesting and revealing of 'how it really is'. Here specific, strategic analyses are critically important.

The Committee on Resources. We prefer that a small group of 7 to 9 individuals be asked to assist on a one-time, confidential basis with committee names never announced to prevent slips of identification. Even so, bankers usually will not participate in such sessions but may assist in their offices on a one-to-one basis.

Ad hoc. Committees on Resources are suggested to be ad hoc, i.e., temporary. Therefore, when an area or region has been thoroughly screened, the committee should be dissolved with appropriate appreciation. Chairman should be asked to serve continuously for an indefinite period because of the possibility of further, specific research required.

An institutional staff member should always be present and actually conduct progress through the list, keep notes, ask the research question, and keep members from wandering. Too, he should assign his own rating based upon who says what and the consensus of the group. In other words, this staff member may 'rate up' a prospect just to throw him into the next level screening.

Dinner, 4 p.m., or evening meetings are best when people do not have to cut short their assistance. Sessions should not last more than 2-3 hours because of extreme weariness of theprocess. This means that some 3-500 names may be covered at maximum. If, in a potent area, sometimes only 25 names can be covered in 2 hours. If so, it's worth it. After all, the name of the game is finding people, then finding everything about them so as to form judgments, etc. Passing out lists for appraisal without group review name-by-name is a total waste.

The Lists. Alumni and parent flat lists can be prepared simultaneously one for each member or one for each two persons. Name, address, class or student class is all that is needed on lists. The institutional staff person may take with him other institutional files for quick reference. This is usually desirable to answer questions immediately.

Counsel. In the first sessions, it may be desirable to have a representative of Counsel present for the benefit of experience on conducing such sessions.

Key Questions. Following are sample questions to which resource committees should address themselves:

1. What business, church, social, civic, fraternal, health, or other volunteer leadership positions does the individual hold?

2. What is known about wife/husband family interests, capacity, positions, etc.?

3. Does the person have volunteer leadership interests or capacity if asked? At what levels of leverage, local, regional, national, professional?

4. Is there potential for future volunteer leadership capacity?

5. Is the person known to be generous?

6. Is he known to be well-disposed toward the institution? Are gripes known?

7. Who knows the person best? Can that person develop the prospect's interest best? Who could?

For Philanthropic Potential: Giving capability or potential must be determined on the basis of the individuals total assets: For annual giving - individual or family annual income; for capital (asset) giving - all sources of current capital assets - securities, stock options, real or personal property, current or new insurance, family foundation or trust; business firm resources; for estate or deferred giving from total assets - past or anticipated inheritances, property, insurance, leases, patent rights, royalties, copyrights, collections of all kinds.

1. Is the person a candidate for an annual gift

   a. over $10,000
   b. over 5,000
   c. over 1,000
   d. over 500

2. Is the person a candidate for a capital gift from assumed assets plus annual gift

   a. $1,000,000
   b. 500,000 up
   c. 250,000 up
   d. 100,000 up
   e. 50,000 up
   f. 25,000 up
   g. 10,000 up

3. Is the person a candidate for a deferred or estate gift by bequest or other device?

4. What is known or suspected family financial capacities?

5. What is known or suspected business gift capacities?

6. Does the individual or family have a personal foundation?

7. Is there promise for large gift capacity in the near future, say 5-10 years?

Resource Coding. The following are suggested rating codes in terms of institutional interest, annual gift capacity, capital (asset) gift capacity and deferred gift potential:

Institutional Interest		Annual Gift		Capital Gift		Deferred Gift
close to institution	I 1	$10,000 up	A 1	$1,000,000 up	C 1	D 1 - soon
could be close	I 2	1,000 up	A 2	100,000 up	C 2	D 2 - perhaps
not close	I 3	100 up	A 3	25,000 up	C 3	D 3 - later
very distant	I 4	1	A 4	10,000 up	C 4	D 4 - never

Sources of Gift Potential:

P - Personal
F - Family
S - Spouse
SF - Spouse Family
B - Business
FT - Foundation or Trust
BF - Business Friends

Volunteer Leadership Potential:

T - Trustee
H - Honorary trustee, Honorary Degree, or other Honorary position
AD - Advisory Committee
Dev - Development - public relations and/or fund raising committees
An - Annual Fund
Ca - Capital Fund
Def - Deferred Gift Program
N - National Leadership prestige/leverage
PO - Parents Organization
CC - Community Committee
PR - Special public relations or resource assistance
L - Leadership potential
AL - Alumni leadership

The rating of constituents on an area-by-area basis has no substitute. You must go where the people are to gain whatever insights which may guide future actions about them and for them. Before an insurance agent approaches a prospect to sell a one-million-dollar or even a one-hundred thousand dollar policy, he knows in advance the probable capacity as well as the need for it. He cannot afford to waste his time nor embarrass a probable client. Yet his research beforehand for those who are prospects is invaluable. And there are many insurance agents who specialize in one-million-dollar prospects.

Sophisticated development programs of institutions and organizations cannot afford to do less than really know who their prime constituents are.

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